

To: Gulf Coast Workforce Board Members

From: Rodney Bradshaw  
Mike Temple

Date: July 27, 2011

Subj: Board Meeting Materials for Tuesday, August 2, 2011

The next meeting of the Gulf Coast Workforce Board is scheduled for **10:00 a.m., Tuesday, August 2, 2011**, in the second floor Conference Room A, 3555 Timmons, Houston.

We hope you are able to attend this important meeting. The Board will be considering changes to the system to accommodate fund reductions and we hope to have a good discussion to inform your decisions.

**Chairman's and Committee Reports.** Audit /Monitoring Committee Chair Garcia will review findings and observations from system monitoring, including the state's recent monitoring of our system.

**Action Items.** Early Education and Care Committee Chair Bobbie Henderson will present recommendations on the Child Care Attendance Automation (CCAA) system and an adjustment to parent co-payment rates. We started using the new automated system in March and allowed for the old manual system to run parallel. The committee will consider shutting down the old system and making all payments based on the new automated system reports. The committee will also consider an adjustment to parent co-pay fees for those families requiring part-time daycare.

Procurement Committee Chair Guthrie will present recommendations for system contract renewals. The Committee met last week to consider changes necessary to reflect the estimated 18% reduction in funds available to the Board. The staff recommendation adopted by the committee is to close four offices and reduce staffing. The specific recommendations are included in the attached meeting materials. We advertised a public meeting for Thursday prior to the Board meeting, and we will bring any public comment about the proposed closings to the Board for consideration.

We also include three items from the last two meetings for ratification. The state asks that the Board ratify any action items approved prior to all Board appointments being completed. The appointments have been completed and the items previously approved by the Board are included in their entirety.

**Information Items.** Included is the usual information on system performance, expenditures, and economic indicators on the local economy.

As always, we appreciate your time and effort in the service of this Board. Please call if you have any questions. We look forward to seeing you Tuesday.

# The Gulf Coast Workforce Board Tentative Agenda

**Tuesday, August 2, 2011 at 10:00 a.m.**

H-GAC Conference Room A  
3555 Timmons Lane, Second Floor, Houston, Texas 77027

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1. **Call to Order and Determine Quorum**
2. **Adopt Agenda**
3. **Hear Public Comment**
4. **Review June 2011 meeting minutes**
5. **Declare Conflicts of Interest**
6. **Consider Committee Reports**
  - a. *Audit/Monitoring.* The committee chair will present an update from the July 21, 2011 meeting.
7. **Take Action**
  - a. *Procurement.* The committee chair will provide the committee's recommendations for 2012 Workforce Solutions operations and a summary of the July 28, 2011 public hearing on those recommendations. Total amount of 2012 Workforce Solutions contracts would not to exceed \$170,806,161.
  - b. *Early Education & Care.* The committee chair will report on the committee's July 27, 2011 meeting and present recommendations for changing rules applicable to financial aid.
  - c. Consider ratifying actions taken by the Board in April and June, 2011.
8. **Receive Information**
  - a. *System Performance.* Staff will summarize current performance against Board measures and grantor requirements.
  - b. *Expenditures.* Staff will report on current expenditures.
9. **Look at the Economy**

Staff will discuss current economic data and trends in the Gulf Coast labor market.
10. **Adjourn**



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**MINUTES OF  
THE GULF COAST WORKFORCE DEVELOPMENT BOARD  
TUESDAY, JUNE 7, 2011**

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**MEMBERS PRESENT:**

Dula Abdu	Gerald Andrews	Willie Alexander
Betty Baitland	Sara Bouse	Carl Bowles
Bill Crouch	Sal Esparza	Yvonne Estrada
Joe Garcia	Mark Guthrie	Barbara Hayley
John Hebert	Bobbie Henderson	Tracie Holub
Eduardo Honold	Guy Robert Jackson	Valeria Jackson-Forrest
David Joost	Birgit Kamps	Ray Laughter
Mindy May	Linda O'Black	Janice Ruley
Allene Schmitt	Richard Shaw	Myles Shelton
Gil Staley	Frank Thompson	Evelyn Timmins
Bill Weaver	Sarah Wroblewski	

**H-GAC STAFF MEMBERS PRESENT**

Rodney Bradshaw  
Mike Temple  
David Baggerly  
Ron Borski

Mr. Frank Thompson, Chair, called the meeting to order at approximately 10:00 a.m., on Tuesday, June 7, 2011, in the 2nd floor, H-GAC Conference Room A, at 3555 Timmons Lane, Houston, Texas. Mr. Thompson determined that a quorum was present.

**ADOPTION OF AGENDA**

Mr. Thompson asked for an adoption of the agenda as presented. A motion was made and seconded to adopt the agenda. The motion carried.

**PUBLIC COMMENT**

No one signed up for public comment.

### **MINUTES FROM APRIL 5, 2011**

Mr. Thompson asked if there were any additions or corrections to the minutes for the April 5, 2011 meeting. A motion was made and seconded to approve the minutes as presented. The motion carried.

### **DECLARATION OF CONFLICT OF INTEREST**

No one declared a conflict of interest.

### **CONSIDER COMMITTEE REPORTS**

#### **Audit/Monitoring**

Mr. Joe Garcia explained that the committee met on Wednesday, May 25, 2011 at the Rosenberg career office. Mr. Garcia stated that The Regional Quality Assurance Team completed annual reviews at two career offices – Southwest and Rosenberg. Both offices are seeing improvement in cooperation records, but work applications and referrals still need improvement.

The Team also performed an extensive review of the Employer Services Division operated by Employment & Training Centers, Inc. It was determined that the Employer Services Division is performing at an acceptable standard of operations.

Mr. Garcia reported that we continue to work with Houston Works – their billings to us did not tie to their internal financial records. We received a copy of their annual audit which had the same basic finding.

### **TAKE ACTION**

- a. Budget. Consider proposed reduction in 2011 Board budget to \$218 million.

Ms. Yvonne Estrada stated that the Budget Committee met on Thursday, May 19, 2011 to discuss the recent reductions in federal and state funds that make up the core revenue of our system operations that require us to propose a revision to the Board's current year budget. While the 1% decrease for 2011 is not large overall, it is significant for career office operations. The full effect of the reductions are more apparent in the 2012 projections in which we expect to have \$7 million less for our system operations and more than \$37 million less overall. All of the reductions occur in our base revenue and they affect primarily the career offices. We have experienced a drop in visits to the offices throughout the system since the record levels of last summer.

- Approximately 60 temporary positions in the career offices, paid for with Wagner-Peyser funds, will end in August. This reduces staff and service capacity.
- The state will end Project RIO – which funds staff, office operating costs, and financial aid – also in August.
- Although Workforce Investment funds will be roughly equal to the original annual budget, we will have a shortfall for the first three months of funds availability because of federal rules which restrict the amount of money we can spend in July, August and September.
- We believe we will also have slightly less Temporary Assistance to Needy Families and Supplemental Nutrition Assistance funds for the balance of 2011.
- Although we have more Trade Act funds than originally expected, this money is reserved almost exclusively for financial aid to eligible workers with only a small amount available for office operations costs and staffing.

During the last half of 2010 and the first half of 2011, we have spent financial aid dollars at historically high rates. This has resulted in waiting lists for all of our financial aid resources. We expect access to these dollars to remain closed through the summer. We are also proposing revisions to 2011 career office contracts to account for funds lost from federal and state budget cuts.

Following are the proposed revisions:

<b>Contractor</b>	<b>2011 Current</b>	<b>2011 Revised</b>	<b>Change</b>	<b>Pct</b>
Employment & Training Centers	6,190,248	6,384,261	194,013	3.1%
Houston Works	18,868,000	18,070,433	-(797,567)	-4.2%
Interfaith of the Woodlands	12,500,000	11,971,614	-(528,386)	-4.2%
ResCare	9,414,925	9,016,948	-(397,977)	-4.2%

The full effect of federal and state budget reductions can be seen in projections for 2012. In addition to losing about \$7 million in core revenue and remaining Recovery Act funds, much of the special money we currently have for outplacement and worker transition service will also be spent. The following chart shows what we expect to be available for the Board's 2012 budget.

Although we are not certain about the availability of 2012 federal fiscal year funds, we are projecting somewhat less than 2011. The cumulative effect of the current year federal budget reductions, however, is realized in 2012, along with the end of Project RIO.

We will develop additional recommendations for consideration by the Board at its August meeting for 2012 contracts and any necessary changes to system operations.

<b>Gulf Coast Workforce Board</b>				
<b>2011 Revised Budget and 2012 Projected Budget</b>				
	<b>2011 Revised</b>	<b>2012 Projected</b>	<b>Dollar Variance</b>	<b>Percent Change</b>
Workforce Investment	30,224,594	28,713,364	1,511,230	-5%
Wagner-Peyser	8,374,196	7,800,000	574,196	-7%
Veterans Employment & Training Service	370,195	351,685	18,510	-5%
Trade Act	901,360	600,000	301,360	-33%
Project RIO	964,226	-	964,226	-100%
Temporary Assistance to Needy Families	14,435,504	13,713,729	721,775	-5%
Supplemental Nutrition Assistance	2,947,915	2,800,519	147,396	-5%
Child Care & Development Block Grant	122,683,545	120,000,000	2,683,545	-2%
<b>Subtotal, System Ops</b>	<b>180,901,534</b>	<b>173,979,297</b>	<b>6,922,237</b>	<b>-4%</b>
Disaster Recovery	2,671,568	500,000	2,171,568	-81%
Back-to-Work	4,500,000			
Worker Transistion	6,081,847	500,000	5,581,847	-92%
Recovery Act	22,079,165	-	22,079,165	-100%
OJT	814,950	550,000	264,590	-32%
Disability Navigator	56,500	-	56,500	-100%
Non-Custodial Parents	855,021	800,000	55,021	-6%
Awards	100,000	-	100,000	-100%
<b>Subtotal, Special Revenue</b>	<b>37,159,051</b>	<b>2,350,000</b>	<b>30,308,691</b>	<b>-93%</b>
<b>TOTAL</b>	<b>218,060,585</b>	<b>176,329,297</b>	<b>37,230,928</b>	<b>-17%</b>

A motion was made and seconded to approve the proposed revisions to the Board's 2011 budget. The motion carried.

- b. Procurement. Consider recommendations to negotiate a contract to pilot online career counseling and planning tools in an amount not exceed \$5,000.

Ms. Barbara Murphy explained we believe we can improve the quality of service we offer customers by using an online, interactive system to provide guidance about occupations and careers in our region along with assistance in career planning. It was determined that before a substantial investment in purchasing or leasing such a system, we should "test drive" the system on a limited basis at a few career offices. Ms. Murphy stated that a couple of months ago a Request for Proposal (RFP) was released to solicit bids from organizations to test an online career guidance and planning service through a short-term pilot.

We asked bidders to offer a system that:

- Is easy for our customers to use and helpful, and which appeals to our diverse customer base;

- Is a turn-key product, but is able to be customized in terms of both look and content and is able to be branded as Workforce Solutions;
- Supports data collection and reporting functions for administrative use; and
- Minimizes duplication.

We also asked bidders to offer a system that helps customers:

- Learn about occupations and careers;
- Learn about themselves through the use of simple self-assessment tools;
- Identify career goals, marketable skills, and need for additional or new skills;
- Learn about educational programs and other opportunities to acquire skills and reach their career goals; and
- Look for work by providing suggestions on job hunting strategies and self-marketing appropriate for the person and the desired job, occupation or career.

Additionally, we asked bidders to:

- Locally train our staff on the system and provide on-going technical support;
- Customize and brand the system should we decide to lease it beyond the pilot phase; and
- Provide us with statistics and information we can use to evaluate the product and its fit with our business model.

We received six proposals from the following organizations:

1. Bridges Transition
2. Kuder
3. Economic Modeling, LLC
4. Worldwide Interactive Network
5. Career Builder
6. Monster.com

A staff review team read and scored each of the six proposals. We asked the top two ranking bidders, Bridges and Kuder, to provide us with presentations and demonstrations of their systems via a web conference.

We think the Bridges product:

- Is more intuitive, easier to use and more helpful than the Kuder product
- Already includes national, state and regional labor market information, employment projections and wages whereas Kuder only has national data.
- Fits better with our business model of open, universal access for customers to all our services.
- Is as robust and provides as high quality information and service as the Kuder product, but is a less expensive solution.
- May appeal to more of our customers because the entire system is available in both English and Spanish



- Will provide customers with a seamless solution to online career guidance and planning because the bidder can fully brand the system as Workforce Solutions

We recommend awarding Bridges Transition a 6-month contract for a pilot project to test Bridges' Choice Planner career guidance and planning system in an amount not to exceed \$4,225.

Should we determine the Bridges product helps our customers and adds value to the service we provide, we will return to the Board for permission to negotiate a longer-term contract for full implementation.

Several Board members had questions and discussion followed.

A motion was made and seconded to authorize staff to negotiate a six-month contract with Bridges Transition in an amount not to exceed \$4,225 for a pilot test of the Choice Planner online career planning system. The motion carried.

## **RECEIVE INFORMATION**

### **System Performance**

Mr. David Baggerly reviewed the System Performance measures for April 2011. These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions. The report is based on Workforce Solutions measures.

#### ***For Workforce Solutions More Competitive Employers –***

Employers Receiving Services (Market Share) – we expected to provide services to 37,120 employers this year which is 28% of the 132,569 employers identified for the Gulf Coast area. Through April, we provided services to 30,153 employers.

Employer Loyalty – our performance indicates our employer customers value our services and return to us for additional services. Of a possible 24,047 employers, 19,932 returned to The Workforce Solutions for additional services.

#### ***More and Better Jobs –***

New jobs created – This information is captured quarterly and reflects a two year average. We worked with employers who added 3,592 new jobs annually.

Customers employed by the 1<sup>st</sup> quarter after exit – Reporting for one quarter (October 09 – June 10), 212,888 of the 320,640 customers who exited from services were employed in the quarter after exit.

*Higher Real Incomes –*

Exiters with Earnings Gains of at least 20% - Reporting for one quarter (April 09 – December 09), 83,155 of the 341,057 who exited had earnings gains of at least 20%.

*A Better Educated and Skilled Workforce –*

Customers pursuing education diploma, degree or certificate who achieve one – Through April, 1,482 of the 4,480 customers pursuing an education diploma, degree or certificate achieved one.

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we received from the Texas Workforce Commission.

For the performance year that began October 1, 2010, we are meeting or exceeding the target for twelve of fifteen measures. The three measures we are not meeting are:

- Claimant Reemployment. The target for this measure is 59%. Our performance thru April (10/09-6/10) was 50.0%.
- Average Choices Single Parent Participation Rate. The target for this measure is 40%. Our performance through April (10/10-4/11) was 31.1%.
- Average Choices Two Parent Participation Rate. The target for this measure is 55%. Our performance through April (10/10-4/11) was 44.2%.

We continue to work closely with our customers to improve performance on all measures.

Expenditure Report

Mr. Rodney Bradshaw reviewed the Financial Status Report for four months ending April 30, 2011. Mr. Bradshaw explained that we knew we would have a decrease in the funding available to the system and stimulus dollars are about to run out. We are at capacity with training scholarships with approximately 2700 people on a waiting list. There are 60 people that will have their training interrupted until more dollars become available.

Mr. Bradshaw stated that there will be a procurement meeting in July to discuss and allocate the 2012 system funding. We will be looking at new ways to delivery services and reducing costs.

**LABOR MARKET REPORT**

Mr. Ron Borski explained that the Houston-Sugar Land-Baytown Metropolitan (H-S-B MSA) rate of unemployment dropped three-tenths of a percentage point in April to 8.0

percent. This was the third consecutive month the unemployment rate has been lower than it was a year ago. Total nonagricultural employment in the H-S-B MSA added 13,600 jobs in April with the rate of over-the-year job growth at 2.0 percent for the second consecutive month. Job growth over the past year has been strongest in Mining and Logging up 7,400 jobs or 9.4 percent, Other Services, up 3,400 jobs or 3.7 percent and Retail Trade up 8,300 jobs or 3.2 percent. Construction shed 3,700 jobs in April, down -2.1 percent, posting its first over-the-year loss in five months. The rate of job growth for the H-S-B MSA continues, however, to be better than that of the nation.

Mr. Mike Temple explained an education and training scholarship table that was in the Board packet. The table reflected numbers for several other Workforce Boards in Texas from 2009 thru 2011.

Mr. Temple also explained the Regional Update for April 2011. The update will be included in the upcoming board packets and will include various pieces of information concerning the Board's work. Another piece of the Regional Update was a story about an organization – Teach Away.

Mr. Frank Thompson gave a legislative update and thanked members for the letters they wrote regarding House Bill 3784. This was the bill that would mandate Board members to disclose financial information regarding their family members. The bill never came up for a hearing.

Mr. Thompson introduced two new Board members – Sara Bouse and Dr. David Joost.

### **ADJOURN**

There was no further business to come before the Board, the meeting was adjourned.

## **Audit/Monitoring Committee**

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### **August 2011 Monitoring Update**

#### **Recent Activity**

**Career Offices.** The Regional Quality Assurance Team completed annual reviews at two career offices, Humble and Conroe. Conroe is not published yet. Humble is the first office to achieve an above average rating.

#### **Financial reviews.**

*Interfaith of the Woodlands.* Interfaith's independent audit did not test several fund streams as major programs, which is required by federal circular. We are working to resolve this.

*ResCare Workforce Services.* ResCare's actual FY10 indirect cost rates were lower than those billed. ResCare will refund the difference.

*Houston Works.* As we reported at the last meeting, we continue to work with Houston Works to resolve findings relating to reviews we conducted in November 2010 and January, March and June 2011. Currently there are about \$31,000 in questioned costs and several procedural findings that remain. Houston Works has a deadline of September 1, 2011 to resolve all outstanding findings.

**Other.** Texas Workforce Commission has completed the field work for its annual review of our system. At the exit conference, reviewers reported several findings, two of which are of note.

- Two of our contractors – Collaborative for Children and Galveston College – had potential findings related to procurements they conducted with our funds. We will work with both to make sure they provide full and complete information for the state reviewers.
- We are not consistently terminating computer access for staff members that have left employment in our system in a timely manner. This is a repeat finding and is related to contractors providing us notice of staff exits. Several weeks prior to the state monitors' visit, we began requiring contractors to provide us a monthly summary of all staff hiring and termination and to make sure they provide us timely notice of all staff terminations. We established an automatic fine for failing to provide the monthly summary or failing to provide timely notice of terminations.

We have been promised a report from TWC in six to seven weeks.

## Procurement Committee

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### 2012 Workforce Solutions Contract Renewals

#### Background

In 2008, the Workforce Board procured contractors for its operations affiliate, Workforce Solutions, on a five-year cycle. The Board solicited bidders through its public request-for-proposal process and awarded contracts which are renewable annually for the next four years, based on demonstrated performance, availability of money and the Board's approval each of those years.

The 2012 contract year will begin on October 1, 2011 and will be the fourth year of the five-year cycle. We expect to have about \$171 million available to us for Workforce Solutions operations.

As we noted in June 2011 discussions about the Board's budget, federal and state funding cuts result in a significant reduction in operating revenue for Workforce Solutions. We estimated an overall reduction of 17% in June. Our recommendations for initial funding are closer to an 18% reduction, based on more current revenue information.

#### Performance and Production

Continued high unemployment and fitful job growth in our region over the past year means Workforce Solutions has struggled to meet the Board's performance targets. Production numbers, however, have improved in several problem areas.

- We are below the Board's targets for putting people to work and helping them realize wage gains. We are doing better at helping individuals finish school or training and earn skill credentials.
- We've served about 330,000 people through June 2011. This is a little more than 90% of our service level in 2010, reflecting a drop in traffic that began earlier this year.
- For the last eight months, we've had between 5,000 and 5,500 open job postings every month and about 3,500 new postings each month. Although this is steady activity, we are not seeing any upward trend, and our monthly numbers are still below 2009 levels.
- Overall our production for federal and state requirements is better, with improvement in numbers for youth and unemployment insurance claimants. We are working under a state-imposed plan to increase participation rates for welfare recipients. We have seen some improvement in these numbers as well, although contractors are not meeting required targets yet.

## More With Less

We have been working with contractors to mitigate the cuts necessary to reach our revenue projections and at the same time find ways to increase the system's effectiveness in delivering service. Recommended changes for 2012 include:

- Reducing the number of career office locations from 29 to 25 by closing Winnie, Downtown, Spring Branch, and Galveston. Where we close an office, we would open an itinerant location for staff to take applications, make referrals and be available on a regular schedule.
- Creating call centers within each of the three career office contractors to handle financial aid applications, eligibility and counseling support for customers who apply for and receive substantial or long-term financial assistance from us. This would include scholarships for training or education and support for child care expenses. These call centers would also be centralized administrative points for each contractor's compliance and performance tracking.
- Reducing staff positions in the system from 950 to 800. This does not mean contractors are laying off 150 people now – the higher staff number reflects funded positions in place at the beginning of the year and does not account for staffing reductions over the past eight months or currently vacant positions. We would finalize any current staff reductions after the Board approves 2012 contracts.
- We would maintain our funds for scholarships and education support at about \$8 million. We would likely continue to have a wait list for scholarship resources throughout the year, as well as wait list for our assistance for child care expenses.

## Employer Service

Employment and Training Centers, Inc. operates Workforce Solutions' Employer Service which markets and provides a range of human resources service using 78 staff. The staff is located in career offices and a central unit in Houston.

Employment and Training Centers also operates two worker transition centers – one in the Clear Lake City area for the NASA Johnson Space Center and one in Sealy for BAE – and is providing outplacement support for area school districts and the City of Houston for their recent layoffs.

For 2012, ETC will work with more than 37,650 employers.

## Career Offices

Three contractors would operate 25 offices and multiple itinerant sites using 672 staff. Each would also operate its own centralized customer service/administrative call center.

Houston Works	Astrodome, East End, Hobby, Northline, Northeast, Northshore, Pasadena, and Southwest (8)
Interfaith of the Woodlands	Columbus, Conroe, Cypress Station, Humble, Huntsville, Sealy, Waller, Westheimer, and Willowbrook (9)
ResCare Workforce Services	Bay City, Baytown, Katy Mills, Lake Jackson, Liberty, Rosenberg, Texas City, Wharton (8)

In 2012, career offices will again work with about 400,000 people.

## Payment Office

Neighborhood Centers, Inc. employs 43 staff to operate our payment office and manage Workforce Solutions' vendor networks. This unit tracks, manages, and pays out financial aid to or on behalf of our customers.

For 2012, we expect that the financial aid office will pay out over \$123 million in financial aid for scholarships, job search support, education support, and work support expenses.

## Early Education & Care Quality

Collaborative for Children, Inc. (CFC) employs 10 staff to provide quality activities for child care providers. CFC provides teachers and director training, equipment and material grants, intensive quality improvement services, support Texas Rising Star and National Accreditation, support for children with disabilities, support for infant/toddler care, child care resource and referral, resources for listed home providers, parenting support, and securing local match funds to match federal Child Care Development funds.

## 2012 Recommendations

The following chart shows contract amounts 2011 and 2012 proposed.

	<b>2011</b>	<b>Proposed 2012</b>	<b>Percent Change</b>
Employment & Training Centers	\$ 6,205,705	\$ 5,221,114	-16%
Houston Works (1)	18,749,948	16,727,891	-11%
Interfaith	12,418,566	10,641,753	-14%
ResCare	9,355,911	8,118,801	-13%
Neighborhood Centers	3,746,915	3,400,000	-9%
Collaborative for Children (2)	4,160,964	792,445	-81%
<i>Subtotal, Systems Operations</i>	<i>54,638,009</i>	<i>44,902,004</i>	<i>-18%</i>
Financial Aid	148,811,334	123,079,157	-17%
Employer Assistance (3)	6,112,042	2,450,000	-60%
Reserve (4)		375,000	
<b>TOTALS</b>	<b>\$ 209,561,385</b>	<b>\$ 170,806,161</b>	<b>-18%</b>

- (1) Houston Works' 2012 contract is contingent upon the organization resolving all outstanding financial monitoring findings before September 1, 2011.
- (2) During the 2011 contract year, Collaborative for Children was completing Recovery Act early education quality projects and its contract total was high. CFC returns to its usual service levels for Workforce Solutions in 2012.
- (3) Employer assistance includes Back to Work payments and on-the-job training payments.
- (4) We removed dollars proposed by contractors for bonus and merit raises in the 2012 contracts. We are proposing putting some of those back -- after October 1 -- for contractors that achieve performance and production targets and have satisfactory quality assurance reviews. Contractors that do not achieve performance would not have funds available for bonus payments or salary increases. Our funds could not be used to pay merit increases and bonuses for executives or leadership staff.



## Why close those particular offices?

The size of our budget cuts necessitated a reduction in the number of our offices. Career office expenses are the second largest budget item in the system behind financial aid. We used the following guidelines when considering how to restructure system operations for 2012:

1. We wanted a sufficient number of locations throughout the region to provide reasonable physical access for our customers.
2. We wanted to keep locations that help us ensure required federal and state production.
3. Where possible, we looked to close locations that had lower traffic levels, generated less production, and/or were expensive to operate.
4. We would propose finding itinerant sites in the areas in which we had to close offices.
5. We asked contractors for their recommendations on closures.

Following is a summary of our reasons for recommending the specific office closings:

### Downtown

- The traffic in this office is low and its high cost means that it is one of the most expensive offices to operate
- Difficult and sometimes expensive for customers to park
- Few people live in downtown proper and remaining offices are convenient to customers living inside the loop and traveling by bus – Northline, Astrodome, East End, Hobby

### Galveston

- The traffic in this office is about ½ that of the other Galveston County office – Texas City
- It is the second location in Galveston County
- It is a small self-serve office with few staff members and is overseen by Texas City office management
- Many more jobs in Texas City
- We will find space in Galveston to provide itinerant services to people unable to travel to Texas City

### Spring Branch

- This office is not as busy as Westheimer and not far from that location
- The Katy Mills offices provides self service job search for customer in the Katy area
- The large number of financial aid customer served at Spring Branch have already begun to receive services from Interfaith's customer service call center which will be located at Westheimer
- Lease costs are substantial

## Winnie

- This is our smallest and least visited office
- We have only two staff in Winnie making it difficult to operate when one of them is out
- Customers will receive better service from the larger offices at Baytown and Liberty

## Addressing Compliance Issues

When the Board approved 2011 contracts, we addressed three production and compliance issues. Following is a summary of the status of these issues to date.

- **Critical compliance for welfare participation rates and record-keeping.** None of the three career office contractors has achieved compliance with record-keeping requirements or participation rate production. We have seen improvement in all three contractors over the past six months, but none has yet satisfied requirements.

The state will review our system's achievements against its performance improvement plan and evaluate our sanction status in the early fall. We will review the three contractors as well.

Should the Board as a whole or any of the contractors not meet compliance requirements or reasonable expectations for participation rate production, we will review with the Board options for terminating the career office contracts.

- **Job requirements.** Career office contractors have made improvements in supervision and management during the past year. We want this to continue during 2012 and extend use of the supervisor and manager duty checklists to Employer Service and the Financial Aid Payment Office.
- **At-risk youth.** The Board approved separate contracts earlier this year for service to youth, and each of the three career office contractors has improved its production and service for youth. We will provide updated information at the October meeting on the performance of the separate youth contracts and any recommendation to extend them if funds are available.

## Action

Authorize staff to negotiate Workforce Solutions operations contracts with Employment and Training Centers, Houston Works, Interfaith of the Woodlands, ResCare Workforce Services, Neighborhood Centers, and Collaborative for Children using proposed 2012 contract amounts and conditions described above.



Houston - Galveston Area Council  
Workforce Career Office Locations



## Early Education and Care Committee

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### Parent's Share of Cost

### Background

We assess parent fees based on a family's income and the number of children that we are supporting with financial aid for child care.

We assess a fee of 11% of the family's gross monthly income for one child and 13% for two more children. We expect parents to pay the fee to the provider, and we require providers to collect the fee from the parents. Providers notify the Payment Office if parents fail to pay their fees.

We discontinue a parent's financial aid if he or she refuses to pay the fee.

### Current Situation

A family may be eligible for a reduction in the fee under several different circumstances:

- The household has seven or more members;
- A parent needs before and after school care for a child;
- A parent needs care for a child six hours or more a day, but only for three days or less during a week; and
- There are unexpected emergencies or events which threaten a family's self-sufficiency.

We are proposing changing the part-week discount so that any parent needing care for a child three days or less a week, regardless of the number of hours per day, may have a reduction in the parent fee.

We believe this provides a more equitable fee structure for our customers.

### Action

Recommend to the Board that we change our child care financial aid parent fee as noted above.

## Early Education and Care Committee

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### Child Care Attendance Automation System

#### Background

The Board implemented the Child Care Attendance Automation (CCAA) system in March. The state requires each Board to use the system to track attendance for children whose parents receive Workforce Solutions financial aid for child care expenses. Parents must use the automated swipe cards to record their child's (or children's) attendance and must call in to report any absences.

Currently we pay providers when parents do not use the swipe cards as required. We did this as transitional measure during the CCAA implementation to accommodate the changes for parents and providers.

#### Current Situation

Parents generally are complying with the swiping requirements. About 90% of the costs for our child care financial aid are being billed through the automated system.

The implementation period is at an end, and the Workforce Commission has asked that we establish a rule on how we will handle days in which parents fail to swipe their cards when they bring their children to a center.

We asked other Boards around the state about their proposed attendance rules and found a variety of approaches. Some Boards propose allowing a limited number of days for parents who don't use their CCAA cards. Other Boards do not pay for any "no-swipe" days – they don't pay a provider should a parent fail to use his or her swipe card under any circumstances.

After considering several options, we recommend the following changes to our attendance policy:

- Allow parents "no-swipe" days if:
  - The parent has not received a swipe card from the vendor;
  - The parent is waiting on a replacement for a lost or damaged card; or
  - The automated attendance equipment at the vendor site failed for some reason and prevented the parent from swiping.

Parents must call in and notify Workforce Solutions of the circumstances to take advantage of allowable "no-swipe" days.

- Parents currently have the ability to cure “no-swipe” days that occur if they forget their cards or don’t swipe for several days. Within any six day period, parents can return to the vendor and cure the “no-swipe” days by using their cards for the days missed in that period. Beyond six days, parents cannot cure failures to swipe.

We are recommending changing our attendance rules for those limited instances in which parents are unable to use a swipe card for reasons beyond their control.

## **Action**

Adopt changes to the Workforce Solutions attendance rules for child care financial aid as described above.

## Board Action

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### Ratify Board Actions for April and June 2011

#### Current Situation

Elected officials have been in the process of reappointing Board members. This has resulted in two months in which the Board was technically out of compliance with membership requirements.

To ensure that all Board actions are appropriately approved, we are requesting that the Board ratify actions taken by the Board in April and June 2011.

Those items are attached for members' convenience.

#### Action

Ratify actions taken by the Board in April and June 2011, as shown in the attachments to this item.

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## Employer Service

### Updates to Targeted Industries

### High-Skill, High-Growth Occupations

### Where the Jobs Are

## Background

The Gulf Coast Workforce Board targets the resources it controls — and influences those controlled by its partners in the regional workforce system — with its strategic plan and a series of three supporting lists: 1) *Targeted Industries*, 2) *High-Skill, High-Growth Occupations*, and 3) *Where the Jobs Are*, a list of occupations likely to provide the largest number of job opportunities in the region over the next ten years.

We use these lists to guide not only the Board’s strategic investments, but also to help our residents build careers in industries and occupations with good prospects and higher wages. We use the High-Skill, High-Growth Occupations list to decide which occupations we will support with our education scholarship dollars.

The Employer Service Committee reviewed and recommended the initial lists for the target industries, demand occupations and “hot jobs” to the Board. We noted then that we would bring periodic updates to these lists to the Committee and the Board as circumstances warranted.

Following is information about updates to each of the three lists.

## Targeted Industries

We began, as always, with labor market data. We used NAICS-level employment and wage data and projections for the 10-year period from 2008 to 2018 and looked for industries that fit the following criteria:

1. Industries with a projected employment growth rate equal to or greater than the average growth rate for all industries in the region for the period 2008 to 2018 ( $\geq 19.4\%$ )
2. Industries having a projected employment growth of at least 6,500 new jobs from 2008 to 2018 (an average of 650 jobs per year)
3. Industries with an average weekly wage of at least \$700 per week.

In addition to industries meeting the above criteria, we included in our targeted list: Oil and Natural Gas Extraction and Manufacturing. There are several different groups of employers within this larger sector and because of the importance of these employers to the area economy and gross regional product, we have created the sector and added it to our list.



We have also had significant interest from a number of employers in this sector in the Board's assistance for current and projected skills shortages. We have been working for several years with the large oil and gas companies, oilfield service firms, refiners and petrochemical manufacturers on a variety of workforce needs.

The proposed updated list for the Board's Target Industries is attached. The changes include the following additions:

- NAICS 2362 Nonresidential Building Construction
- NAICS 2371 Utility System Construction
- NAICS 3331 Agriculture, Construction, and Mining Machinery Manufacturing which was added to the definition of Oil and Natural Gas Extraction and Manufacturing

## High-Skill, High-Growth Occupations

The high-skill, high-growth list is made up of larger, high-skill, well-paying occupations critical to the Gulf Coast region's economic future. They offer the best job opportunities to area residents now and will likely continue doing so over the next ten to 15 years. These occupations are found in many industries in the region, not just in those on the targeted industries list.

### Qualifying Criteria

Occupations meet the following criteria to be included on the high-skill, high-growth occupations list. They must have:

- projected employment for 2018 equal to or greater than the average for all occupations in the region (4,519)
- a projected employment growth rate equal to or greater than the average growth rate for all industries in the region (19.4 %)
- minimum education requirements of a post-secondary certificate or degree, long-term on-the-job training, or work experience in a related occupation
- median hourly wages equal to or greater than the median for all occupations in the region (\$16.08 per hour)

### Scholarship Occupations

Students preparing for employment in occupations on the list that meet two of the following three criteria are eligible for — but not guaranteed — scholarships from Workforce Solutions or one of its partners. To qualify, two of the three following statements must be true. The occupation must be one:

- with chronic shortages of qualified workers to fill existing or projected job openings;
- where the number of workers expected to graduate from the requisite education or training programs falls significantly below the number of job openings;
- whose employment is over represented in the targeted industries relative to all industries in the region.

The Scholarship Occupations list is a subset of the High-Skill, High-Growth list. We've focused this list – the one we will use in our career offices to help guide staff in putting our dollars into scholarships – on those occupations for which we can provide about two years of support for a successful outcome. All of the Scholarship Occupations come from the High-Skill, High-Growth list and are those currently in demand in our target industries and range of others.

### **Modifying the List**

An employer or group of employers with a demand for skilled workers can ask us at any time to modify our list. We will discuss with employers their shortage occupations, expected numbers of hires, wages and training requirements.

We also use our employer service sales and marketing staff and any updates to published labor market data to check on new or emerging shortage occupations that might be added to our list.

The updated High-Skill, High-Growth Occupations list and the Occupations Supported by Scholarship are both attached.

### **Where the Jobs Are**

We use the “Where the Jobs Are” list to identify those occupations that are growing. We don't use wage or other kinds of criteria to refine the list; it consists entirely of those jobs in which we expect to see openings over the next 10 years.

Occupations on this list are those with projected annual average job openings equal to or greater than 170 per year.

Approved by the Board April 5, 2011.

## Procurement Committee

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### Early Education & Care Quality Activities

#### Background

In 2009, The Board received an additional \$7 million to provide quality child care services to providers as a result of Recovery Act funding. The Board also received an additional \$33 million of Recovery Act Funds for direct care.

We initially contracted with 6 organizations to provide a variety of resources and services including training, equipment and supplies to child care providers and children throughout the region. At our request, the State approved the use of \$3 million of the \$33 million targeted for direct child care funds for early education and care quality.

The Recovery Act funds for Early Education and Care Quality were originally scheduled to end on December 31, 2010, but later were extended to June 30, 2011.

#### Current Situation

- Three of the six Early Education and Care Quality contracts have ended. Another contract is scheduled to end on April 30, 2011.
- Due to unallocated and unexpended funds, we have \$1,136,708 of Recovery Act funds available.
- We increased enrollment for direct child care financial aid to spend out the Recovery Act direct child care funds.
- We requested that the State allow us to use the \$1.1million for direct child care. The State declined the request.
- We have recently implemented the wait list for child care financial aid.
- To expedite the use of these funds for child care quality and improvement, we issued a Request for Proposal in March.
- We received 5 proposals in response to the Request for Proposal.
- Staff reviewed and ranked the proposals as shown in the chart below.

## Recommendations

Rank	Proposer	Requested	Recommended
<b>1</b>	<b>Houston Area Urban League</b>	<b>71,523</b>	<b>71,523</b>
<b>2</b>	<b>Collaborative for Children</b>	<b>1,200,000</b>	<b>1,065,000</b>
<b>3</b>	<b>University of Houston Clear Lake</b>	<b>480,564</b>	
<b>4</b>	<b>Houston Achievement Place</b>	<b>67,140</b>	
<b>5</b>	<b>Rainbow of Love Adoption Agency</b>	<b>148,000</b>	
	<b>Total</b>	<b>\$1,967,227</b>	<b>\$1,136,708</b>

Authorize staff to amend contracts with the Houston Area Urban League and Collaborative for Children to provide additional Early Education and Care Quality Improvement services in the region through June 30, 2011.

Approved by the Board on April 5, 2011.

## Procurement Committee

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### Career Guidance and Planning System Pilot

#### Background

We think we can improve the quality of service we offer customers by using an online, interactive system to provide guidance about occupations and careers in our region, and assistance in career planning. There are numerous products on the market offered at a wide range of prices. Before we make a substantial investment in purchasing or leasing such a system, we think it is a good idea to use the system on a limited basis — take it for a test drive in 4 or 5 Workforce Solutions sites — to see what our customers think, and if it helps us provide better service.

A couple of months ago, we released a Request for Proposal (RFP) to solicit bids from organizations to test an online career guidance and planning service through a short-term pilot.

We asked bidders to offer a system that:

- Is easy for our customers to use and helpful, and which appeals to our diverse customer base;
- Is a turn-key product, but is able to be customized in terms of both look and content and is able to be branded as Workforce Solutions;
- Supports data collection and reporting functions for administrative use; and
- Minimizes duplication.

We also asked bidders to offer a system that helps customers:

- Learn about occupations and careers;
- Learn about themselves through the use of simple self-assessment tools;
- Identify career goals, marketable skills, and need for additional or new skills;
- Learn about educational programs and other opportunities to acquire skills and reach their career goals; and
- Look for work by providing suggestions on job hunting strategies and self-marketing appropriate for the person and the desired job, occupation or career.

Additionally, we asked bidders to:

- Locally train our staff on the system and provide on-going technical support;
- Customize and brand the system should we decide to lease it beyond the pilot phase; and
- Provide us with statistics and information we can use to evaluate the product and its fit with our business model.

## Current Situation

We received six proposals from the following organizations:

1. Bridges Transition
2. Kuder
3. Economic Modeling, LLC
4. Worldwide Interactive Network
5. Career Builder
6. Monster.com

A staff review team read and scored each of the six proposals. We asked the top two ranking bidders, Bridges and Kuder, to provide us with presentations and demonstrations of their systems via a web conference.

We think the Bridges product:

- Is more intuitive, easier to use and more helpful than the Kuder product
- Already includes national, state and regional labor market information, employment projections and wages whereas Kuder only has national data.
- Fits better with our business model of open, universal access for customers to all our services.
- Is as robust and provides as high quality information and service as the Kuder product, but is a less expensive solution.
- May appeal to more of our customers because the entire system is available in both English and Spanish
- Will provide customers with a seamless solution to online career guidance and planning because the bidder can fully brand the system as Workforce Solutions

We recommend awarding Bridges Transition a 6-month contract for a pilot project to test Bridges' Choice Planner career guidance and planning system in a mount not to exceed \$4,225.

Should we determine the Bridges product helps our customers and adds value to the service we provide, we will return to the Board for permission to negotiate a longer-term contract for full implementation.

Authorize staff to negotiate a six-month contract with Bridges Transition in amount not to exceed \$4,225 for a pilot test of the Choice Planner online career planning system.

Approved by the Board June 7, 2011.

**Gulf Coast Workforce Board**  
**System Performance**  
June 2011

## Board Measures

These measures gauge progress toward meeting the results set out in the Board's strategic plan. There are two sets of measures: one for the entire regional workforce system and one for the Board's operating affiliate, Workforce Solutions.

We report on the Workforce Solutions measures at each Board meeting.

## More Competitive Employers

Measure	Annual Target	Current Performance	Performance Last Year
<u>Employers Receiving Services</u> (Market Share) We expected to provide services to 37,120 employers this year which is 28% of the 132,569 employers identified for the Gulf Coast area. Through June, we provided services to 37,883 employers.	28%	28.6%	22.5%
<u>Employer Loyalty</u> Our performance indicates our employer customers value our services and return to us for additional services. Of a possible 30,669 employers, 24,453 returned to Workforce Solutions for additional services.	74%	81.6%	85.0%

## More and Better Jobs

Measure	Annual Target	Current Performance	Performance Last Year
<u>New jobs created</u> This information is captured quarterly and reflects a two year average. We worked with employers who added 1,813 new jobs annually.	2,000	1,813	2,037
<u>Customers employed by the 1st Qtr after exit</u> Reporting for three quarters (Oct 09 – June 10), 213,218 of the 320,945 customers who exited from services were employed in the quarter after exit.	79%	66.4%	73.8%

## Higher Real Incomes

Measure	Annual Target	Current Performance	Performance Last Year
<u>Exiters with Earnings Gains of at least 20%</u> Reporting for three quarters (April 09 – Dec 09), 83,297 of the 341,378 customers who exited had earnings gains of at least 20%.	41%	24.4%	29.9%

## A Better Educated Workforce

Measure	Annual Target	Current Performance	Performance Last Year
<u>Customers pursuing education diploma, degree or certificate who achieve one</u> Through June, 1,800 of the 5,028 customers pursuing an education diploma, degree or certificate achieved one.	35%	35.8%	28.5%



## Production

In addition to the Board's measures, Workforce Solutions works to meet the state's expectations for performance on indicators related to the money we receive from the Texas Workforce Commission.

For the performance year that began October 1, 2010, we are meeting or exceeding the target for eleven of fifteen measures. The four measures we are not meeting are:

- Claimant Reemployment. The target for this measure is 59%. Our performance thru June (10/09-9/10) was 50.8%.
- Average Choices Single Parent Participation Rate. The target for this measure is 40%. Our performance through June (10/10-6/11) was 33.1%.
- Average Choices Two Parent Participation Rate. The target for this measure is 55%. Our performance through June (10/10-6/11) was 46.1%.
- Project RIO Served. The target for June is 10,433. Our performance thru June (10/10-6/11) was 9,490.

We continue to work closely with our contractors to improve performance on all measures.

**GULF COAST WORKFORCE DEVELOPMENT BOARD**  
**FINANCIAL STATUS REPORT**  
**For the Six Months Ended June 30, 2011**

	<b>ANNUAL BUDGET</b>	<b>BUDGET YEAR TO DATE</b>	<b>ACTUAL YEAR TO DATE</b>	<b>DOLLAR VARIANCE</b>
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**WORKFORCE REVENUES**

WORKFORCE REVENUES	<b>215,211,357</b>	<b>109,071,704</b>	<b>106,419,821</b>	<b>2,651,883</b>
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**WORKFORCE EXPENDITURES**

BOARD ADMINISTRATION	<b>4,159,613</b>	<b>2,079,807</b>	<b>1,714,919</b>	<b>364,888</b>
SYSTEM IT	<b>322,833</b>	<b>161,417</b>	<b>82,866</b>	<b>78,551</b>
EMPLOYER SERVICES	<b>7,276,996</b>	<b>3,638,498</b>	<b>3,241,323</b>	<b>397,175</b>
RESIDENT SERVICES	<b>203,451,915</b>	<b>103,191,983</b>	<b>101,380,713</b>	<b>1,811,270</b>
OFFICE OPERATIONS	51,469,068	25,734,534	24,284,374	1,450,160
FINANCIAL AID	148,235,847	74,117,924	73,776,053	341,871
RECOVERY PROJECTS*	3,747,000	3,339,525	3,320,286	19,239

<b><i>TOTAL WORKFORCE EXPENDITURES**</i></b>	<b>215,211,357</b>	<b>109,071,704</b>	<b>106,419,821</b>	<b>2,651,883</b>
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\* With the exception of Recovery Act NEG OJT, all Recovery Act Projects are to be completed by June 30, 2011.

\*\* The original Workforce Board Budget did not include approximately \$5 million in revenues for Texas Back to Work and for additional Trade Act funds received after the original budget was approved.

**VARIANCE ANALYSIS**

Note: With the exception of the Recovery Act Projects budget component, the "Budget Year to Date" column reflects a straight-line estimate of expenditures for the twelve-month period, assuming equal expenditures every month in order to fully expend the budget in a year. The Recovery Act Projects budget component is a weighted straight-line estimate. For all Recovery Act projects other than Recovery Act NEG OJT, the straight line estimate is for six months, January to June 2011, while for the Recovery Act NEG OJT the straight line estimate is for 12 months, January to December 2011.

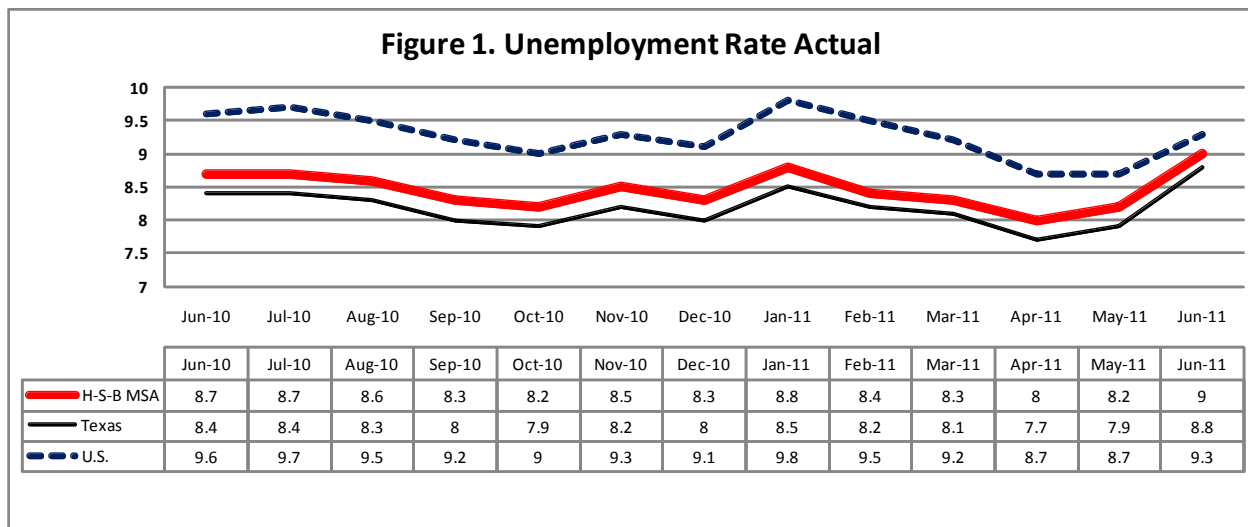


Labor Market Information  
JUNE 2011 Employment Data

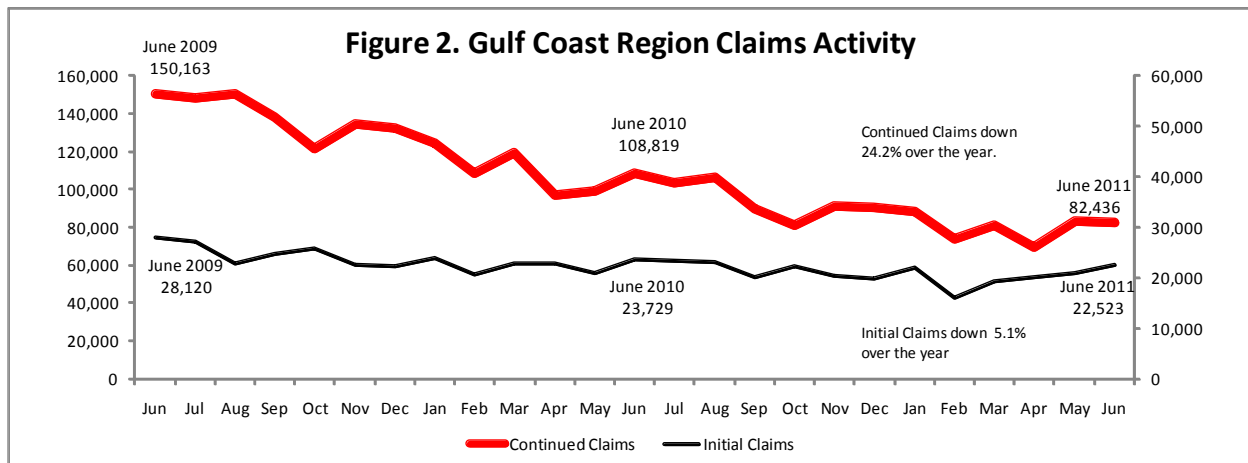
HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

Visit our website at [www.wrksolutions.com](http://www.wrksolutions.com)

THE RATE OF UNEMPLOYMENT IN THE H-S-B MSA WAS UP EIGHT-TENTHS OF A PERCENTAGE POINT TO 9.0 PERCENT IN JUNE. While the civilian labor force experienced an expected increase as schools let out for the summer the number of employed was down 3,483. During most years the number of employed in the civilian labor force increases in June helping to minimize the impact of a rise in the labor force. Unemployment in the H-S-B MSA is higher than the state's 8.8 percent but lower than the nation's 9.3 percent, see figure 1.

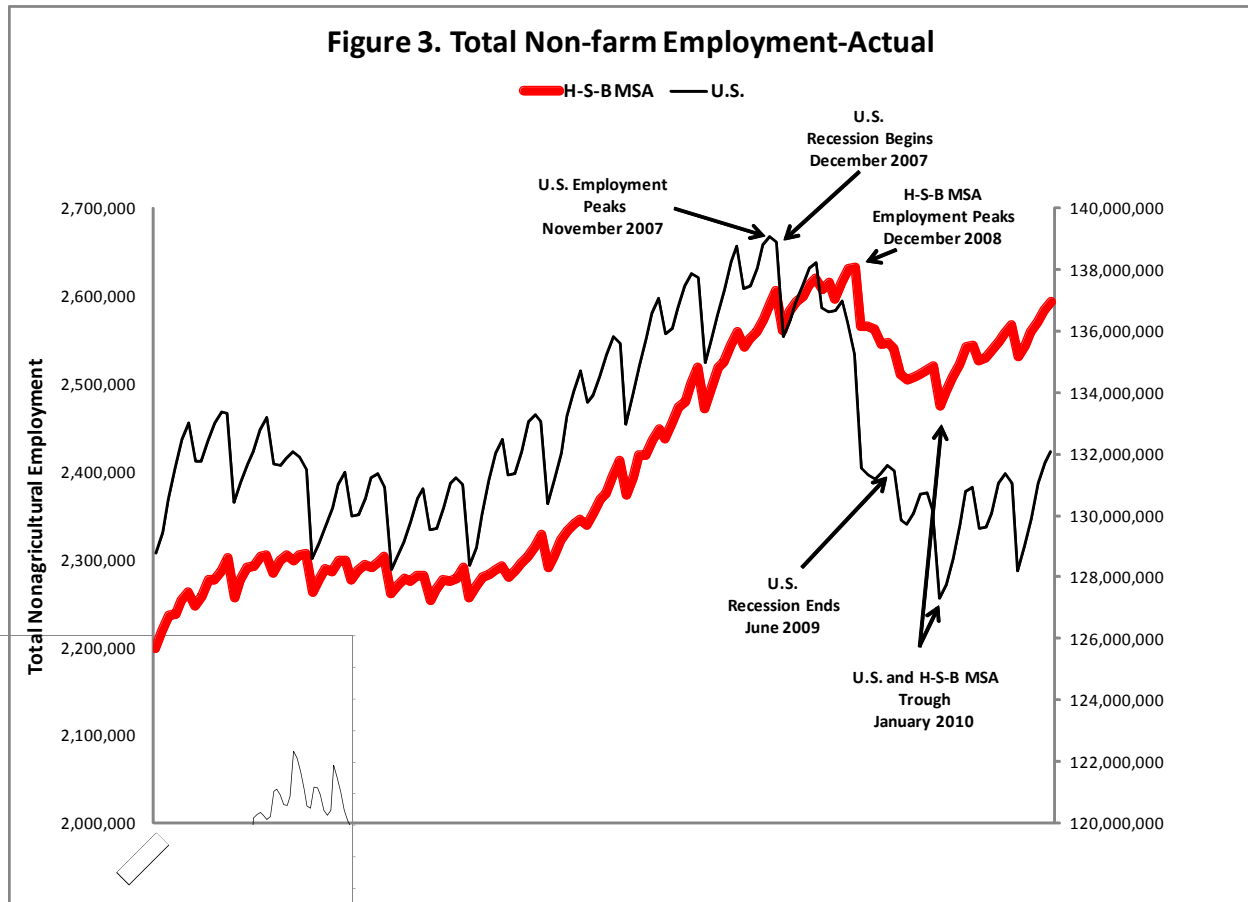


JUNE'S INITIAL CLAIMS (IC) FOR UNEMPLOYMENT BENEFITS NUMBERED 22,523, AN INCREASE OF 1,691 IC'S OVER THE MONTH BUT A DECREASE OF 1,205 (5.1%) FROM ONE YEAR AGO. The number of Continued Claims (CC) were down 1,207 (1.4%) in June to 82,436 and down 26,383 (24.2%) from one year ago. The over-the-year net changes in CC have been negative for the past sixteen months. The number of insured unemployed receiving benefits for 15 weeks or more were down 989 (6.7%) over the month and 5,089 (34.5%) from June 2010.

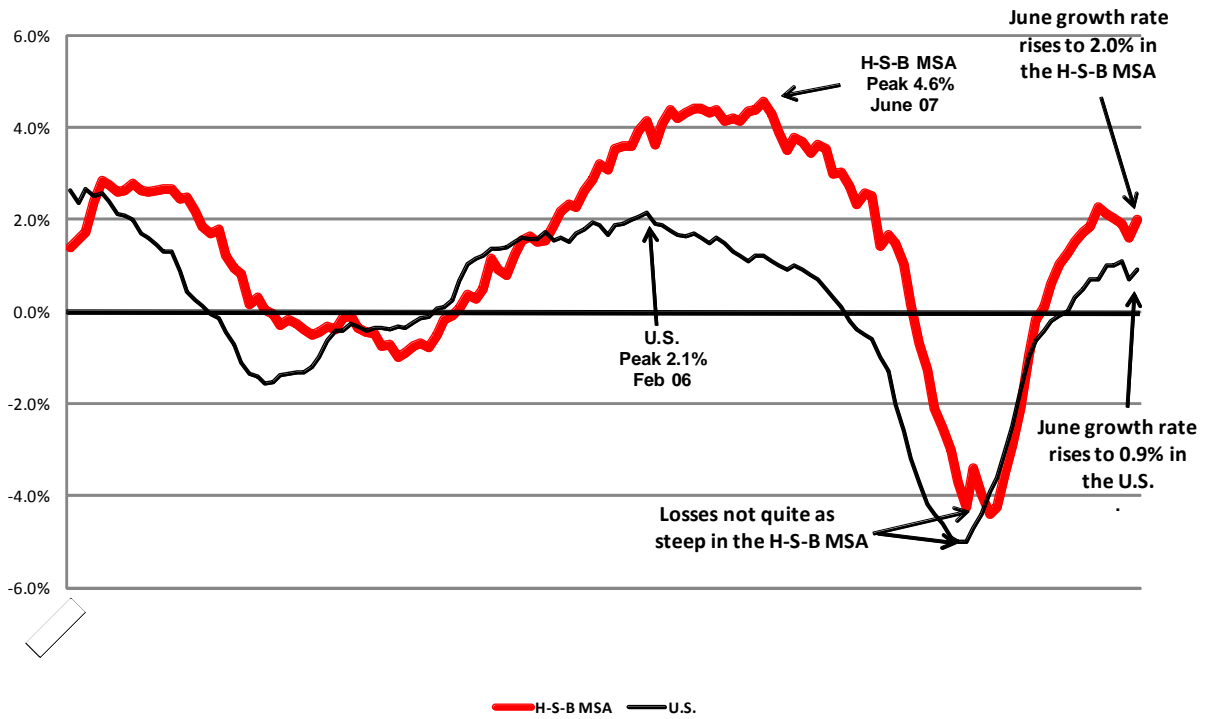


TOTAL NONAGRICULTURAL EMPLOYMENT IN THE H-S-B MSA ADDED 10,200 JOBS IN JUNE WITH THE RATE OF OVER-THE-YEAR JOB GROWTH RISING TO 2.0 PERCENT. This was the first time in four months that over-the-month job growth was higher than it was in 2010. While many industry sectors with ties to oil and gas exploration continue to see healthy job gains, growth in real estate and government continue to be weak. Job growth over the past year has been strongest in Mining & Logging, up 8,100 jobs or 10.0 percent, Manufacturing, up 10,000 jobs or 4.6 percent, and Professional & Business Services, up 14,300 jobs or 3.9 percent. Construction also managed positive job growth for the second consecutive month, up 2,000 jobs or 1.2 percent, and is up 3,600 jobs or 2.1 percent over the year. Leisure and Hospitality added a larger than normal number of seasonal workers in June, up 6,700 jobs, as employers made up for weaker seasonal hiring that was done in May. Information and Financial Activities were the only two areas within the private sector to experience declines over the year. Total government was reporting an over-the-year loss because current employment was being compared to inflated 2010 levels due to work on the decennial Census. State Government reported an over-the-year loss for the second consecutive month, down 800 jobs or 1.2 percent. The rate of job growth for the H-S-B MSA continues to be better than that of the nation, see figure 4. Seasonally adjusted data for the H-S-B MSA and nation seen in figure 5 provides an additional view of employment removing the erratic seasonal movement. Additional details by super sector follow beginning on page 4.

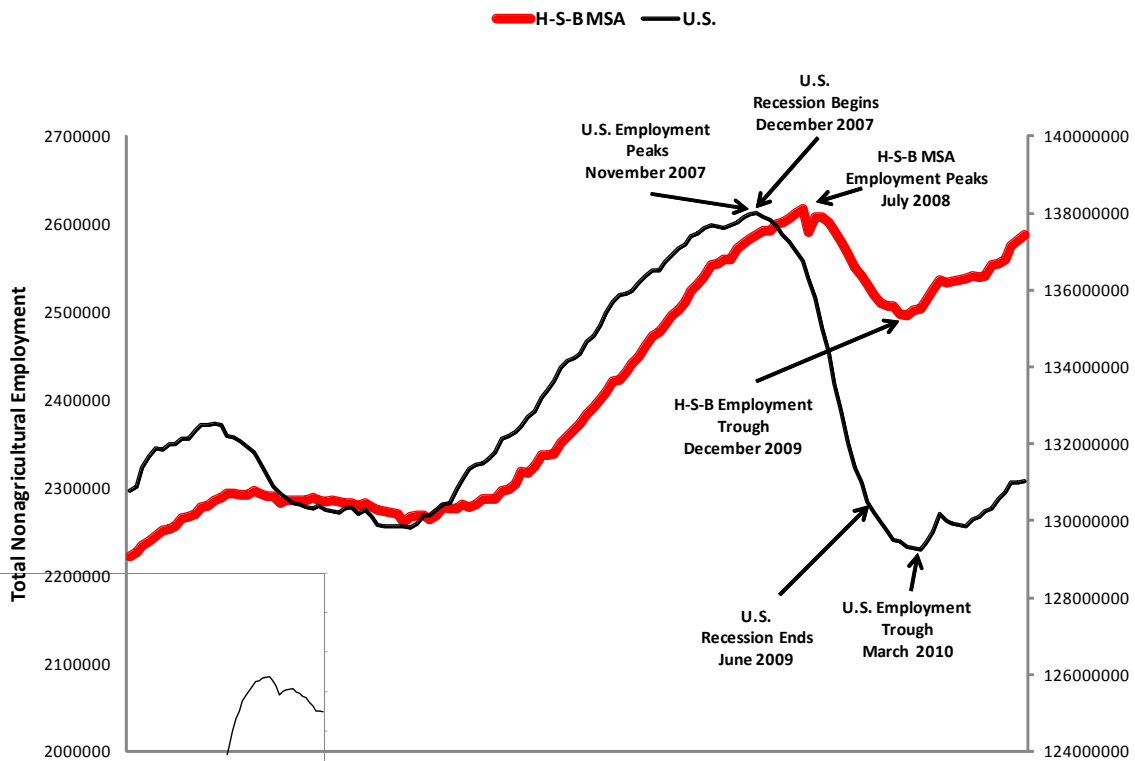
*Note: Responsibility for monthly estimates have recently shifted to the Bureau of Labor Statistics and are now more heavily dependent on industry samples. Knowledge of local economic events is taking a lesser role in the estimation process resulting in increased variability of monthly estimates. The degree of accuracy under the new system will not be known for some time.*



**Figure 4. Current Employment Statistics  
Actual Over-The-Year Increase/Decrease**



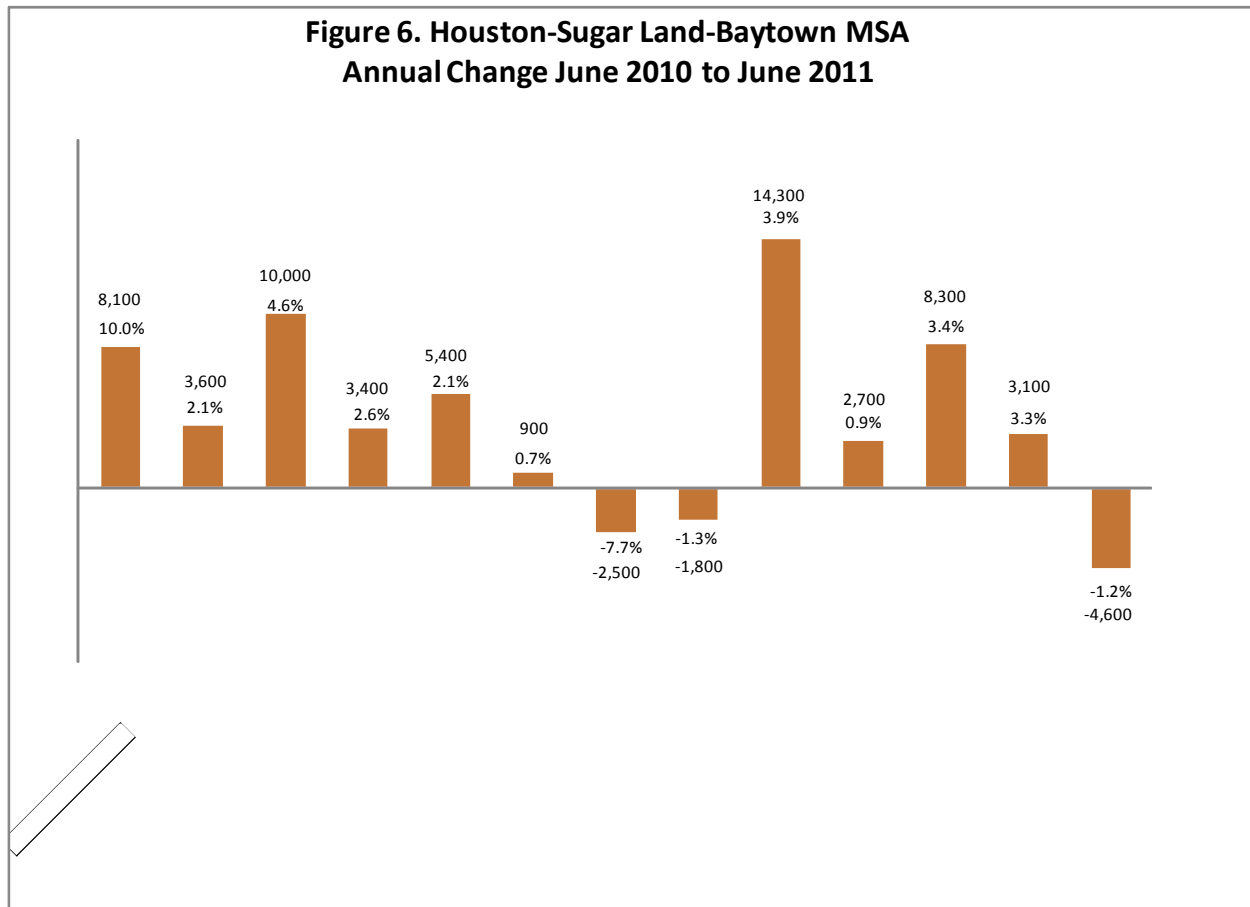
**Figure 5. Total Non-farm Employment-Seasonally Adjusted**



**Mining and Logging** increased payrolls for the fifth consecutive month, up 1,500 jobs or 1.7 percent in June. With payrolls up 10.0 percent over the year, Mining and Logging is the fastest growing super sector in the H-S-B MSA. Employment in the super sector has risen to 89,200, its highest level since the mid 1980's. Support Activities for Mining was responsible for more than half of the increase, up 4,400 jobs or 12.9 percent, over the year. Oil and Gas Extraction was up 2,200 jobs or 4.8 percent over the year. Total U.S. rig count was 1,856 in June; more than double that of a 6 year low of 876 back in June 2009. Domestic drilling activity for oil continues to pick up the slack of declining natural gas drilling and now represents over fifty percent of total domestic drilling. Oil and gas producers and oilfield services companies continue to be a major driving force of job growth in the H-S-B MSA.

**Construction** reported its second consecutive over-the-month increase in June, up 2,000 jobs or 1.2 percent. Most of the increase was at Specialty Trade Contractors, up 1,200 jobs or 1.4 percent. Construction is up 3,600 jobs, 2.1 percent, over-the-year, figure 6. Heavy and Civil Engineering Construction reported the strongest increase over the year, up 3,400 jobs or 9.1 percent, followed by Construction of Buildings, up 2,100 jobs or 4.4 percent. Specialty Trade Contractors reported a loss of 1,900 jobs over the year, down 2.2 percent. Construction activity remains well below its most recent peak with 33,400 fewer jobs in October 2008. Recent gains in Construction may be an indication that activity has bottomed out and will continue to rise.

**Figure 6. Houston-Sugar Land-Baytown MSA  
Annual Change June 2010 to June 2011**



**Manufacturing** added 3,400 jobs in June, up 1.5 percent. This was the largest one-month increase for Manufacturing on record going back to 1990. The increase was shared by both Durable Goods Manufacturing, up 2,200 jobs or 1.5 percent, and Nondurable Goods Manufacturing, up 1,200 jobs or 1.5 percent. Manufacturing was up 10,000 jobs or 4.6 percent over the year, see figure 6, with most of the increase found in Durable Goods Manufacturing. Largest gains were in Agriculture, Construction, and Mining Machinery Manufacturing, up 3,000 jobs or 9.7 percent, and Fabricated Metal Products Manufacturing, up 2,900 jobs or 6.4 percent. Strong drilling activity continues drive demand for mining machinery and other equipment tied to oil and gas extraction. While Computer and Electronic Product Manufacturing did not see an increase in May, it did post an increase of 700 jobs over the year, up 3.8 percent. Employment in Nondurable Goods Manufacturing was up 1,100 jobs or 1.4 percent from one year ago. Profit margins of petrochemical companies and refineries have been strong in part due to unplanned outages. Demand for consumer plastics have been strong with international demand picking up the slack from weak domestic demand. Gasoline consumption was up in June due to both seasonal factors and lower prices. The Houston Purchasing Managers Index, an indicator of expected movement in production volume several months in advance, was 61.4 in May increasing by 1.5 over the month indicating growth in production should continue. This was the first time the PMI has exceeded 60 since June 2008.

**Trade Transportation & Utilities** was up 2,700 jobs, 0.5 percent, in June. Over-the-month gains in Retail Trade were less than half of what they were in June 2010, up 800 jobs or 3.4 percent. The super sector was up 9,700 jobs or 1.9 percent over the year. Retail Trade contributed the largest number of jobs, up 5,400 jobs or 2.1 percent over the year. Overall expectations by retail establishments have been for modest improvements in 2011 over 2010. Wholesale Trade has also experienced steady growth since the beginning of the year and is up 3,400 jobs or 2.6 percent from June 2010. Job growth in Transportation, Warehousing, and Utilities has been much weaker, up 900 jobs or 0.7 percent over the year, where Truck Transportation experienced the strongest job growth, up 1,000 jobs or 5.0 percent. Reports from transportation service companies have been mostly positive noting increases in cargo volumes. Air traffic has held steady with expectations for modest improvement this year.

**Information** was one of two private super sectors to report an over-the-year loss in June, down 2,500 jobs or 7.7 percent over the year, see figure 6. Many industries within Information have been on the decline for years due to rapid technological changes and as many move away from wired telecommunication carriers. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

**Financial Activities** was the only other private super sector to report an over-the-year loss, down 1,800 jobs or 1.3 percent from June 2010, see figure 6. Most of the loss was in Real Estate and Rental and Leasing, down 1,300 jobs or 2.6 percent. The outlook for Real Estate and Rental and Leasing is improving, however, with reports that leasing activity is growing and sales of commercial building are also picking up. Credit Intermediation and Related Activities, down 600 jobs or 1.4 percent, and Insurance Carriers and Related Activities, down 300 jobs or 1.0 percent, were the only areas within Finance and Insurance reporting an over-the-year decline.

**Professional and Business Services** continued to add jobs at a steady pace in June, up 3,200 jobs or 0.9 percent. Roughly one-third of this month's increase was in Services to Buildings and Dwellings as landscaping companies continued to boost payrolls to handle increased summer demand, up 1,100 jobs or 2.7 percent. Professional and Business Services brought more than 10,000 jobs to the region over the past two months and is up 14,300 jobs or 3.9 percent over the year, see figure 6. Most areas within the super sector are reporting increases with the largest found in Employment Services where staffing firms are reporting strong demand at stable levels, up 3,300 jobs or 5.7 percent over the year. The only significant decline was in Architectural, Engineering and Related Services, down 1,300 jobs or 2.2 percent, where firms are dealing overall weak demand and budget cuts at NASA.

**Education and Health Services** reported a loss for the second consecutive month, down 2,000 jobs or 0.6 percent. This month's loss was shared across all areas within Educational and Health Services. The super sector is reporting an increase of 2,700 jobs over the year, up 0.9 percent. Most of the increase was in Ambulatory Health Care Services, up 2,300 jobs or 1.9 percent. Job growth at Hospitals has disappeared with employment the same as it was one year earlier. Educational Services also continues to report an increase, up 400 jobs or 0.9 percent. While an aging population and a population growth rate that more than doubles that of the nation has been responsible for growth in the super sector concerns continue to mount over budget shortfalls in private education and changes across the entire health care system.

**Leisure and Hospitality** added 6,700 seasonal jobs in June and was up 8,300 jobs or 3.4 percent over the year. This month's increase was much stronger than in previous years because employers were making up for weaker seasonal hiring that was done in May. Most of the over-the-year increase was at Food Services and Drinking Places, up 8,400 jobs or 4.4 percent. While Accommodation also managed to experience job growth over the year, up 400 jobs or 2.0 percent, Arts, Entertainment, and Recreation was reporting a loss of 500 jobs, down 1.6 percent.

**Other Services** was up 900 jobs in June and was reporting an increase of 3,100 jobs over the year, up 3.3 percent, see figure 6. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** experienced a seasonal decline in June as educational institutions reduced payrolls for the summer, down 8,600 jobs or 2.2 percent. Government was also down 4,600 jobs or 1.2 percent over the year in June, see figure 6. The over-the-year loss is misleading because current employment in Federal Government is being compared to inflated 2010 levels due to work on the decennial Census. Had it not been for the decennial Census, Government would still be reporting an over-the-year increase. Local Government continued to report over-the-year gains in June, up 4,200 jobs or 1.5 percent. State Government, however, reported an over-the-loss for the second consecutive month, currently down 800 jobs or 1.2 percent from June 2010. Many government jobs are at risk over the remainder of 2011 due to budget shortfalls.



# NONAGRICULTURAL EMPLOYMENT

## Houston-Sugar Land-Baytown MSA

	JUN 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,593,800	10,200	0.4%	50,900	2.0%
Total Private	2,216,600	18,800	0.9%	55,500	2.6%
Goods Producing	492,000	6,900	1.4%	21,700	4.6%
..Mining and Logging	89,200	1,500	1.7%	8,100	10.0%
...Oil and Gas Extraction	48,300	500	1.0%	2,200	4.8%
...Support Activities for Mining	38,400	500	1.3%	4,400	12.9%
..Construction	175,300	2,000	1.2%	3,600	2.1%
..Construction of Buildings	49,500	600	1.2%	2,100	4.4%
..Heavy and Civil Engineering Construction	40,700	200	0.5%	3,400	9.1%
..Specialty Trade Contractors	85,100	1,200	1.4%	-1,900	-2.2%
..Manufacturing	227,500	3,400	1.5%	10,000	4.6%
..Durable Goods	148,300	2,200	1.5%	8,900	6.4%
...Fabricated Metal Product Manufacturing	48,300	700	1.5%	2,900	6.4%
...Machinery Manufacturing	45,900	800	1.8%	3,900	9.3%
....Agriculture, Construction, and Mining Machinery Manufacturing	33,800	600	1.8%	3,000	9.7%
...Computer and Electronic Product Manufacturing	18,900	0	0.0%	700	3.8%
..Non-Durable Goods	79,200	1,200	1.5%	1,100	1.4%
...Petroleum and Coal Products Manufacturing	12,800	100	0.8%	100	0.8%
...Chemical Manufacturing	34,800	200	0.6%	100	0.3%
Service Providing	2,101,800	3,300	0.2%	29,200	1.4%
..Private Service Providing	1,724,600	11,900	0.7%	33,800	2.0%
..Trade, Transportation, and Utilities	525,500	2,700	0.5%	9,700	1.9%
...Wholesale Trade	135,000	800	0.6%	3,400	2.6%
....Merchant Wholesalers, Durable Goods	80,100	400	0.5%	2,600	3.4%
.....Professional and Commercial Equipment and Supplies Merchant	10,300	100	1.0%	0	0.0%
....Merchant Wholesalers, Nondurable Goods	37,700	100	0.3%	200	0.5%
...Retail Trade	267,400	800	0.3%	5,400	2.1%
....Motor Vehicle and Parts Dealers	32,600	200	0.6%	0	0.0%
....Building Material and Garden Equipment and Supplies Dealers	19,800	-700	-3.4%	600	3.1%
....Food and Beverage Stores	56,200	1,100	2.0%	1,500	2.7%
....Health and Personal Care Stores	17,100	300	1.8%	-100	-0.6%
....Clothing and Clothing Accessories Stores	29,200	400	1.4%	1,600	5.8%
....General Merchandise Stores	58,800	1,800	3.2%	1,800	3.2%
.....Department Stores	22,400	200	0.9%	-200	-0.9%
.....Other General Merchandise Stores	36,400	1,600	4.6%	2,000	5.8%
...Transportation, Warehousing, and Utilities	123,100	1,100	0.9%	900	0.7%
...Utilities	16,400	100	0.6%	200	1.2%
.....Air Transportation	24,100	100	0.4%	100	0.4%
.....Truck Transportation	21,100	200	1.0%	1,000	5.0%
.....Pipeline Transportation	10,400	100	1.0%	200	2.0%
..Information	30,000	100	0.3%	-2,500	-7.7%
...Telecommunications	15,300	200	1.3%	-1,400	-8.4%
..Financial Activities	134,400	300	0.2%	-1,800	-1.3%
...Finance and Insurance	86,400	-200	-0.2%	-500	-0.6%
....Credit Intermediation and Related Activities	41,000	-200	-0.5%	-600	-1.4%
.....Depository Credit Intermediation	28,300	-100	-0.4%	-100	-0.4%
....Securities, Commodity Contracts, and Other Financial Investment	12,700	-100	-0.8%	0	0.0%
....Insurance Carriers and Related Activities	28,700	-100	-0.3%	-300	-1.0%
...Real Estate and Rental and Leasing	48,000	500	1.1%	-1,300	-2.6%

# NONAGRICULTURAL EMPLOYMENT

## Houston-Sugar Land-Baytown MSA

	JUN 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	377,900	3,200	0.9%	14,300	3.9%
...Professional, Scientific, and Technical Services	179,100	1,800	1.0%	2,800	1.6%
....Legal Services	23,100	400	1.8%	-300	-1.3%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	17,200	-100	-0.6%	200	1.2%
....Architectural, Engineering, and Related Services	57,700	600	1.1%	-1,300	-2.2%
....Computer Systems Design and Related Services	25,700	100	0.4%	1,000	4.0%
...Administrative and Support and Waste Management and Remediation Services	180,000	1,500	0.8%	12,200	7.3%
....Administrative and Support Services	169,300	1,600	1.0%	9,500	5.9%
.....Employment Services	61,200	200	0.3%	3,300	5.7%
.....Services to Buildings and Dwellings	42,600	1,100	2.7%	1,000	2.4%
..Educational and Health Services	311,600	-2,000	-0.6%	2,700	0.9%
...Educational Services	42,800	-900	-2.1%	400	0.9%
...Health Care and Social Assistance	268,800	-1,100	-0.4%	2,300	0.9%
....Ambulatory Health Care Services	124,800	-100	-0.1%	2,300	1.9%
....Hospitals	72,400	300	0.4%	0	0.0%
..Leisure and Hospitality	249,400	6,700	2.8%	8,300	3.4%
...Arts, Entertainment, and Recreation	30,200	2,000	7.1%	-500	-1.6%
...Accommodation and Food Services	219,200	4,700	2.2%	8,800	4.2%
....Accommodation	20,800	400	2.0%	400	2.0%
....Food Services and Drinking Places	198,400	4,300	2.2%	8,400	4.4%
..Other Services	95,800	900	0.9%	3,100	3.3%
Government	377,200	-8,600	-2.2%	-4,600	-1.2%
.Federal Government	27,500	-100	-0.4%	-8,000	-22.5%
.State Government	68,400	-2,100	-3.0%	-800	-1.2%
..State Government Educational Services	35,400	-2,000	-5.3%	0	0.0%
.Local Government	281,300	-6,400	-2.2%	4,200	1.5%
..Local Government Educational Services	193,100	-7,100	-3.5%	2,000	1.0%

## UNEMPLOYMENT RATE

	JUN 2011	MAY 2011	JUN 2010
H-S-B MSA	9.0	8.2	8.7
Texas (Actual)	8.8	7.9	8.4
United States (Actual)	9.3	8.7	9.6

**Houston-Sugar Land-Baytown MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. Houston-Baytown-Sugar Land MSA CES data series are benchmarked to March 2010 levels. Estimated by the Texas Workforce Commission in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. All Data Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas (which covers Texas, northern Louisiana and southern New Mexico).

# Gulf Coast Workforce Board

## Regional Update – August 2011

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Over the last 10 months, Workforce Solutions has provided a service to more than 41,000 employers.

In July, we had 5,367 postings with 11,525 job openings available in our system.

- ✓ The number of postings and job openings has been at the same levels for the past six months, with only small variances from month to month.

At the same time, we had more than 158,000 individuals registered in WorkinTexas.com as looking for work.

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Year-to-date through June, our 29 career offices had 2.36 million visits.

In June, the staff in the offices made more than 35,000 referrals to open positions. In July, that number increased to more than 46,000 referrals.

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Through June, the top five education and training providers receiving scholarship dollars from Workforce Solutions were:

1. Lone Star College System
2. Job Training Institute
3. Tech Skills-Houston
4. Industrial Welding Academy
5. Houston Community College System

# Gulf Coast Workforce Board Regional Update – August 2011

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## Aerospace Transition Center

### **Center News**

Business at the Aerospace Transition Center continues to increase with the final shuttle flight landing and close out activities winding down.

On June 15th, ATC staff partnered with the Johnson Space Center and aerospace contractors to support a large job fair at the Education Village in Clear Lake. This unique venue provided space for 80 employers and 1,290 participants. Several employers made job offers on the spot at this event after taking extensive technical tours of JSC.

In July, Workforce Solutions sponsored a virtual job fair over a two week period that included 135 employers and 728 registered participants. Employers for both events represent major oil and gas/petrochemical companies, aerospace and U.S. Department of Defense contractors, new commercial space companies; and healthcare, automotive, and industrial construction employers.

In one month, over 1,100 participants learned more about writing resumes, effective networking, LinkedIn, financial planning and jobs in the energy industry at seminars offered through the ATC.

Employer focused hiring events continue to be popular as well as working directly with the 1,800 people in the LinkedIn community. Future workshops and technical classes are being added to the catalog to target specific technical training for engineers.

### **New Partnerships and Collaboration**

Board staff is working with aerospace employers to identify business-to-business opportunities in other industries. Companies like SAIC and Cimarron are working with oil, gas and petrochemical companies to outline opportunities for engineers and project managers and to map technical competencies.

Non-aerospace employers are being introduced to the JSC technologies in greater detail. Forums focused on Innovation, Safety, Reliability, Risk Management and Alternative Energy were held to delve into the possibilities. Dow Chemical and Shell Oil are signing agreements to work directly with NASA to share technical expertise.

In collaboration with oil and gas industry representatives, Board staff introduced JSC executives to the offshore operators committee. During the committee meeting, attended by over 100 companies, it was recommended that JSC and the Bureau of Ocean Energy Management, Regulation and Enforcement network about ways to work together going forward. More information on this topic will be included in the next update.